

FY 2008 Annual Program Performance Measures

DEPARTMENT:

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

APPROPRIATION UNIT/PROGRAM: Michigan State Housing Development Authority

TIMELINE: October 1, 2007 through September 30, 2008

AGENCY STATEMENT

MSHDA provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community development activities, and address homeless issues.

ORGANIZATION

Executive

Agency administration; governmental relations; public relations; marketing research; planning; organizational development; education and training technology; human resources

Asset Management

Financial and physical property operations oversight of Multifamily direct loans; preservation and transfer of physical assets; mortgage workouts and Contract Administration for HUD.

Community Development

Neighborhood Preservation Program (NPP); technical assistance; grants to nonprofit organizations and local governments; and property improvement.

Housing Voucher

Housing Choice Voucher (HCV) rental assistance through these programs: HCV, Family Self Sufficiency (FSS), and the "Key to Own" Homeownership Program.

Finance

Capital formation and financial management; loan servicing; accounting.

Homeownership

Home mortgages, home ownership counseling, Individual Development Accounts.

Legal

Legal aspects of loan underwriting and bond and note sales; loan closings; review of administrative procedures and legislation; public hearings; fair housing; compliance; Low Income Housing Tax Credit (LIHTC) and modified pass through lending.

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Rental Development and Homeless Initiatives

Multifamily direct rental housing development loans and Section 236/202 preservation loans; supportive housing loans; technical services including design review, construction monitoring, inspection, appraisals, environmental review, energy conservation and fire safety. Loans and grants to finance or gap finance construction of supportive housing and financial support of homeless initiatives.

Southeast Michigan Development

The Southeast Michigan Development Division was established to provide assistance to our partners through outreach and marketing of several MSHDA programs in the counties of Wayne, Oakland Macomb and Monroe. Programs include Multi-family, Tax credits, Community Development, Brownfield Redevelopment and Preservation.

Specialized Technical Assistance and Revitalization Strategy (STARS)

Provides technical assistance related to Cool Cities, MainStreet, and Blueprints.

Urban Revitalization

The Urban Revitalization Division houses the Cool Cities and the Cities of Promise - initiatives of Governor Jennifer Granholm created to address the issues so central to the transformation of Michigan's economy. The goals of this division are to work with local and state agency partners to improve quality of life, and create vibrant urban centers and thriving downtowns across our state. The Michigan Cities of Promise is an interagency initiative that is working to rekindle and encourage hope for eight of Michigan's most vulnerable cities - Benton Harbor, Detroit, Flint, Hamtramck, Highland Park, Muskegon Heights, Pontiac, and Saginaw. It is a whole cloth, quality of life initiative, that aims to reduce poverty, and increase community and economic development. The Michigan Cool Cities Initiative is an urban strategy to revitalize Michigan's cities by attracting the talent and jobs of the emerging economy. It is a collaborative model for economic engagement and community revitalization.

FUND SOURCE:

Federal Funds
State Restricted Funds

LEGAL BASIS

Michigan P.A. 346 of 1966, as amended
U.S. Housing Act of 1937

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CUSTOMER IDENTIFICATION

People with very low and moderate incomes (direct)
Local Governments (indirect)
Downtown Development Authorities (indirect)
Landlords (indirect)
For profit housing developers (indirect)
Financial Institutions (indirect)
Management companies (indirect)
Nonprofit organizations (indirect)
Realtors (stakeholder)
Builders (stakeholder)

FY 2008 AGENCY GOALS/MAJOR OBJECTIVES

Providing Security and Opportunity for the People of Michigan

- Support counseling and neighborhood-based intervention on foreclosed/ abandoned properties in the Cities of Promise and across the state.
- Expand access to federal matching funds for Individual Development Accounts. These accounts can be used towards higher education, business startup or the purchase of a home.
- Complete construction of organizational infrastructure for Michigan's Campaign to End Homelessness. Provide housing development training to supportive housing and homeless service providers.
- Expand the use of housing vouchers, tax credits and other subsidies to build supportive housing and housing for the homeless.
- Successfully manage Qualified Allocation Plan transition including completion of tax credit rounds for 2008, staff training and outreach and update of the Low Income Housing Tax Credit Compliance Guide.

Building Vibrant Communities

- Invest in places where talent wants to live, provide incentives for regional collaboration and energize Michigan's cities.
- Create an environment that is attractive for business development, job creation and residential reinvestment in the Cities of Promise.

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- Allocate \$2.2 million Housing and Community Development Fund incentives for investments across the state.
- Track allocation and expenditures of the resource.
- Expand Michigan Main Street Program to include three different levels of service and meet the needs of a greater number of communities.

Customer Service and Relationships

- Improve access to information for management companies and residents of properties in the MSDHA portfolio. Includes implementation of the Property Management Tracking System, improvements to the Michigan Housing Locator, and expansion of the Michigan Preservation Information Exchange.
- Award and recognize the contributions of MSHDA single family lender partners through an annual celebration.
- Create written policies and procedures for all Supportive Housing and Homeless Initiative grant and housing development programs.
- Produce conferences in the areas of ending homelessness, developing Cool Cities, supporting Cities of Promise, advancing the agenda of the affordable housing and community development industry and preserving Michigan's affordable housing stock.

MSHDA Financial Strength

- Roll out SAVE THE DREAM refinance loan products and update underwriting requirements and approval processes.
- Approve more good MSHDA multifamily loan applications quickly by improved tracking of applications, increased staff to support increased demand for underwriting, and implementing loan committee process.
- Initiate development partnerships to fulfill MSHDA's mission and generate revenue in the Southeast Michigan housing market.
- Update systems and processes to achieve maximum administrative income on HUD contracts.

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FY 2008 AGENCY ACCOMPLISHMENTS

Providing Security and Opportunity for the People of Michigan

- Increased number of individuals receiving foreclosure prevention and homeownership counseling by almost 31% from 3,007 in 2007 to 3,928 in 2008.
- Increased the number of Michigan's low income residents that have an Individual Development Account by from 1,679 in 2007 to 1,242 in 2008.
- Increased the number of MSHDA supported housing units targeted for supportive housing or housing for the homeless by 88% from 1,328 in 2007 to 2,499 in 2008.
- Revised the Michigan Qualified Allocation Plan for Low Income Housing Tax Credits to reflect policy priorities that preserve affordable housing, develop supportive housing and housing for the homeless, and build vibrant communities.
- Increased Housing Choice Voucher lease-up for very low-income families to 23,528 units in 2008.
- Expanded our Homeless Assistance Recovery Program statewide and had 2,510 Homeless Assistance Recovery Program (HARP) new admissions during this fiscal year.
- Awarded a \$524,000 HUD Family Self Sufficiency Program grant in 2008.
- Closed on our 156th home in our Housing Choice Voucher Key to Own program in 2008.

Building Vibrant Communities

- Generated \$12.8 in investment in Michigan's Cities of Promise in 2008.
- More than tripled the number of blighted structures demolished in Michigan's Cities of Promise from approximately 455 in 2007 to 1,511 in 2008.
- Increased local match for blight elimination program from \$1.35 million in 2007 to \$4.53 million in 2008.
- Increased investment in housing and community development activities by \$15.4 million in 2008.

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- Increased number of Michigan downtowns that are trained through the Michigan Main Street program from 1 in 2007 to 15 in 2008.

Customer Service and Relationships

- Doubled the number of individuals using the Michigan Housing Locator from 707,000 in 2007 to 1,400,000 in 2008.
- Increased number of projects included in the Michigan Preservation Information Exchange by 64% from 8,500 in 2007 to 14,000 in 2008.
- Increased number of MSHDA single family lenders that underwrite MSHDA mortgages by 28% from 78 in 2007 to 100 in 2008.
- Provided clear and transparent information about 100% of the programs and resources available to develop supportive housing and housing for the homeless.
- Provided training and networking opportunities for 4,000 housing and community development professionals at 5 statewide conferences and 1 international conference supported by MSHDA.

MSHDA Financial Strength

- Increased volume of single family mortgages from 1,618 in 2007 to 2,644 in 2008.
- In a declining rental housing market, MSHDA captured a greater share of available multifamily loan opportunities and loan volume will remain stable at \$120,000,000 in 2008.
- Increased multifamily loans made in Southeast Michigan from 5 in 2007 to 15 in 2008.
- Administrative income on HUD contracts increased by 10% (\$2,270,000).

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FY 2009 AGENCY GOALS

Homeownership and Home Improvement

- Create a core group of financial opportunity centers in Michigan.
- Create an emerging market advisory board to provide trusted guidance
- Increase public awareness of predatory and sub-prime lending practices
- Increase production of low and moderate income homeownership in Michigan

Affordable Rental Housing

- Provide updated information to development community about MSHDA policy objectives and application procedures for direct lending and other incentive programs
- Improve the public benefit of rental developments financed by MSHDA
- Make MSHDA direct lending programs more attractive to the development community - make more good loans quickly

Homeless and Supportive Housing

- Strengthen infrastructure through education and technical assistance to local nonprofits
- Assure that services are available and accessible to persons living in supportive housing and their own homes
- Promote collaboration among supportive housing partners
- Provide housing subsidy to the poorest, most in need people and families in Michigan
- Support local communities 10 year planning to end homeless efforts

Vibrant Communities, Neighborhoods, and Downtowns

- Increase resources of community development activities
- Develop a more comprehensive and cohesive approach to community development
- Strengthen the neighborhood revitalization and community development network capacity

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PAYMENTS ON BEHALF OF TENANTS

PROGRAM STATEMENT/INFORMATION

The purpose of the Payments on Behalf of Tenants line item is to provide financial assistance to households with very low incomes to help pay their rent and to ensure that the housing they rent is decent and sanitary. MSHDA administers the federally funded Section 8 Housing Choice Voucher program statewide.

The goal of the Michigan State Housing Development Authority's Office of Housing Voucher Programs (HVP) is to assist Michigan's very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing. At least 85% percent of new admissions must have adjusted incomes at or below 30% of Area Median Income (AMI); and up to 15% of new admissions may have annual adjusted incomes at or below 50% of AMI. Once accepted into the program, recipients must select their own rental unit. MSHDA contracts with Housing Agents (nonprofits, local units of government, Limited Liability Corporations) to administer the statewide Housing Choice Voucher Program (HCV). Housing Agents also inspect rental units on the program to ensure they meet Housing Quality Standards determined by the Department of Housing and Urban Development.

It is also the mission of MSHDA's Housing Choice Voucher Family Self-Sufficiency and Homeownership programs to promote and provide education and opportunities for families to become economically self-sufficient and end the cycle of assistance to recycle the vouchers to additional families in need.

FY 2008 MAJOR OBJECTIVES

- Utilize 100% of available Housing Choice Vouchers (HCV) and ensuring 100% of the units meet HQS.
- Continue efforts to assist the homeless through the HCV statewide Homeless Assistance Recovery Program (HARP). Manage the continued effort to create the best Family Self-Sufficiency (FSS) Program in the nation. Determine and guide the FSS program staff with marketing and program guideline structure to ensure our enrollment increases to the desired number of slots.
- Link 30 new successful participants with MSHDA's Key to Own, HCV Homeownership program.
- Provide Downpayment Assistance to 15 voucher holders in exchange for the voucher in 2007.

FY 2008 PROGRAM EFFECTIVENESS

- During FY 2008, the program distributed approximately \$141 million in subsidies to 23,017 recipients with an average income of \$11,445 with an average household size of 2. The recipients paid approximately 30% to 40% of their income for rent and the program paid on the average of \$460 per household to make up the difference.
- During FY 2008, 98.29% of available vouchers were utilized.
- During FY 2008, at minimum 23,017 inspections were made of units occupied by program participants to insure they met HQS.

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PROGRAM IMPROVEMENT PLANS

MSHDA is working on improvements to its new database management software and continuing Process Improvement Teams, such as the File Audit Project, in an effort to work smarter with fewer resources.

FY 2009 OBJECTIVES

- Utilize 100% of available Housing Choice Vouchers (HCV) and ensuring 100% of the units meet HQS.
- Continue efforts to expand HARP statewide by July 2008, which is more than two years ahead of schedule.
- Manage the continued effort to create the best Family Self-Sufficiency (FSS) Program in the nation. Determine and guide the FSS program staff with marketing and program guideline structure to ensure our enrollment increases to the desired number of slots.
- Link 30 new successful participants with MSHDA's Key to Own, HCV Homeownership program.
- Provide Downpayment Assistance to 15 voucher holders in exchange for the voucher in 2007.

HOUSING AND COMMUNITY DEVELOPMENT FUND

PROGRAM STATEMENT/INFORMATION

The purpose of the Housing and Community Development Fund line item is to provide housing opportunities for all and help transform the Michigan economy by improving the quality of life in Michigan's cities, towns, and villages – especially those with high concentrations of poverty – making them vibrant communities' where people want to live and work. Vibrant cities that are competitive are a core piece of Michigan's economic strategy. The Program will accomplish its goals by:

- Participate in financing downtown and neighborhood improvements to make them attractive places to live and do business.
- Participate in financing affordable and market rate housing for young people, knowledge workers, immigrants, early retirees, and people with low and moderate incomes.
- Participate in financing supportive housing for the homeless and people with disabilities.

Although actual uses will be determined by the annual allocation plan, the program is very flexible allowing MSHDA to make grants and/or loans in both urban and rural areas.

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FY 2008 PROGRAM OBJECTIVES

- Develop allocation plan and application
- Pass Administrative Rules.
- Award 100% of available funds.
- Amend the program to include local governments and land banks as eligible applicants, downtowns and adjacent neighborhoods as eligible areas for investment, and various new eligible activities.
- Issue report to the Governor and Legislature.

FUND SOURCE

State General Fund

LEGAL BASIS

Michigan P.A. 346 of 1966, as amended

FY 2008 PROGRAM EFFECTIVENESS

- During FY 2008, Developed the allocation plan and application
- During FY 2008, MSHDA completed implementing Administrative Rules
- During FY 2008, MSHDA awarded 100% of available funds
- During FY 2008, the legislature passed and the Governor signed into law changes to the program recommended by MSHDA.

PROGRAM IMPROVEMENT PLANS

Due to amendments in the program, MSHDA is working on changes to the allocation plan, application, and Administrative Rules.

FY 2009 OBJECTIVES

- Develop allocation plan and application
- Adopt Administrative Rules.
- Award 100% of available funds.
- Issue report to the Governor and Legislature on program activities.